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PATENT



IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of: Alan Slater
Application No.: 09/384,678
Filed: August 27, 1999
For: **SYSTEM AND METHOD FOR MERCHANT FUNCTION
ASSUMPTION OF INTERNET CHECKING AND SAVINGS
ACCOUNT TRANSACTIONS**

Group Art Unit: 3627

Examiner: Rice, Kenneth R.

APPEAL BRIEF

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This is an Appeal Brief under 37 C.F.R. § 1.192 in connection with decision of the Examiner mailed on February 26, 2003. Each of the topics required by 37 C.F.R. § 1.192 is presented herewith and is labeled appropriately.

(1) Real Party In Interest

The real party in interest is Citibank, N.A.

(2) Related Appeals And Interferences

There are no other appeals or interferences related to this case.

(3) Status Of Claims

Claims 1-50 are pending and all have been rejected.

No claims have been cancelled.

No claims have been withdrawn.

No claims have been allowed.

Claims 1-50 are hereby appealed.

(4) Status of Amendments

There are no amendments after final rejection.

(5) Summary Of The Invention

The invention proposes a system and method for merchant function assumption of Internet checking and savings account transactions which enables a service provider to take over certain merchant type functions and provide the merchant with an approved order and appropriate credit for the transaction and which also enables the service provider to consolidate order and settlement transactions for a merchant that saves transaction costs for the merchant. In an on-line transaction, the service provider (hereinafter referred to as "service provider") receives an order from a customer that is sent to the merchant. The order consists of the customer's digital certificate and purchase and payment information, including the customer's checking or savings account number. The service provider opens the order and verifies the digital certificate and payment information and sends a message to the bank indicated by the customer's payment instruction to verify and debit the customer's account if the amount of the transaction does not exceed the account balance. See, e.g., p. 3, line 16-p. 4, line 4.

The customer's bank sends a message back to the service provider verifying or denying the debited amount and, depending on the customer's bank's message, the service provider then sends a message to the merchant to fill or deny the order. Further, the service provider insures that the merchant's bank receives an Automated Clearing Hours (ACH) credit if the order is approved. Finally, the service provider may send a message back to the customer that confirms, denies, or requests more

information regarding the order. The service provider may consolidate order and settlement transactions. For example, rather than receiving individual payments, the service provider insures that the merchant receives one consolidated ACH payment covering all orders over a certain time period. The service provider may then give the merchant a check list or automated files for cross-checking payments with orders. In another variation, the service provider can first receive the ACH credit before forwarding it to the merchant's bank. Similarly, the service provider may directly receive the customer order before it ever gets to the merchant. See, e.g., p. 4, lines 5-22.

The customer communicates with the merchant or service provider via the customer's processor or PC with a modem in communication over the Internet with the merchant's on-line terminal or the service provider's server. The service provider's server may also run an Internet website for the merchant. Further, the service provider's server communicates over the Internet with one or more of the merchant's on-line terminal, the merchant's financial institution server, and the customer's financial institution server. The service provider's server assumes at least one merchant function in a financial transaction, such as an Internet website transaction, between the merchant and the customer. For example, the service provider's server receives information about the financial transaction for the merchant, automatically identifies the intended recipient of the information, and automatically sends the information to the intended recipient for the merchant. See, e.g., p. 4, line 25-p. 5, line 8.

In an electronic check aspect, the customer at the customer's PC makes a purchase on the merchant's Internet website hosted by the service provider's server and uses software on the customer's processor to prepare and send an electronic check for the purchase price over the Internet to the service provider's server for the merchant. The service provider's server receives the electronic check for the merchant and automatically reformats the electronic check to a format which can be understood at the merchant's on-line terminal. The service provider's server

automatically endorses the electronic check for the merchant, automatically prepares a deposit for presentation of the endorsed check to the merchant's bank's server, and automatically sends the deposit and endorsed electronic check over the Internet to the merchant's bank's server. The merchant's bank's server receives the endorsed electronic check, automatically creates an ACH debit to the customer's bank's server for the customer's account, automatically posts the credit to the merchant's account, and automatically makes the details of the credit known to the merchant. See, e.g., p. 5, lines 9-24.

In a Z-flow model aspect, the customer at the customer's PC makes a purchase on the merchant's Internet website hosted by the service provider's server and uses software on the customer's processor to prepare and send a payment instruction via e-mail or HTML page for the purchase price over the Internet to the service provider's server for the merchant. The service provider's server receives the payment instruction for the merchant and automatically sends the payment instruction with a request for payment over the Internet to the customer's bank's server. The customer's bank's server receives the payment instruction and request for payment and automatically confirms that sufficient funds are available for the payment instrument in the customer's account, automatically sends an approval of the payment instruction to the service provider's server for the merchant over the Internet, and automatically sends an ACH credit for the payment according to the payment instruction to the merchant's bank for the merchant's account. See, e.g., p. 5, line 25-p. 6, line 9.

In the Z-flow model aspect, the service provider's server receives and automatically reformats the approval of the payment instruction to a format which can be read at the merchant's on-line terminal and sends the reformatted approval of the payment instruction over the Internet to the merchant's on-line terminal. Upon receipt of the reformatted approval of the payment instruction, the merchant ships the goods. When the merchant's bank's server receives the ACH credit, it automatically posts the credit to the merchant's account and automatically makes the details of the credit known to the merchant. In a variation of the Z-flow model aspect, the service

provider's server receives credits for the merchant for various customers from the customers' banks' servers. Rather than generating an ACH credit to the merchant's bank's server for the merchant's account each time a credit is received, the service provider's server accumulates these credits for the merchant over a period of time. Periodically, the service provider's server generates a single ACH credit or wire transfer for the accumulated or consolidated credits at one time to the merchant's bank's server for the merchant's account in order to save transaction costs to the merchant. See, e.g., p. 6, lines 10-27.

(6) Issues

a) Whether the Examiner's rejection of claims 1-50 under 35 U.S.C. 102(b) as being anticipated by Elliot et al. (U.S. Pat. No. 5,036,461) is proper.

b) Whether the Examiner's rejection of claims 1-50 under 35 U.S.C. 102(b) as being anticipated by Rosen. (U.S. Pat. No. 5,455,407) is proper.

(7) Grouping of Claims

Claims 1-50 are arranged into the groups listed below. Claims within a group stand and fall together. Groups of claims, however, do not stand or fall together with other groups of claims.

GROUP	CLAIMS
I	1-48
II	49,50

(8) Argument

**The Rejection of Claims 1-50 as Being
Anticipated by Elliot et al. Is Improper**

Independent claims 1 and 42 respectively propose a method and system for assumption by a service provider of one or more merchant functions in a financial transaction between a customer and a merchant, in which information about the financial transaction is received by the service provider for the merchant, an intended recipient of the information is automatically identified by the service provider for the merchant, and the information is automatically sent to the intended recipient by the service provider for the merchant.

With regard to independent claims 1 and 42, the Examiner considers that Elliot et al. teach each and every element of claims 1 and 42. On the contrary, Elliot et al. do not teach or even suggest a method and system for assumption by a service provider of one or more merchant functions in a financial transaction between a customer and a merchant according to Applicant's claimed invention. Rather, Elliott et al. describe a merchant's POS terminal that interfaces in a known way via a card reader with a smart card or magnetic stripe card. See, e.g., Elliot et al. Col 4, lines

10-68. Elliot et al. teach that the merchant's POS terminal can be provided with modules pre-programmed for use with different credit cards from different card issuers. See, e.g., Elliot et al., Abstract. The pre-programmed modules of Elliot et al. come in the form of plastic cards with electronic components for each different credit card, and the merchant decides what credit card it wants to accept and simply snaps the appropriate card module into a recess in the merchant's POS terminal. See, e.g., Elliot et al., Col 3, line 60-Col 4, line 9.

Elliot et al. do not teach or suggest that a service provider receives information for the merchant about a financial transaction as recited in claims 1 and 42. On the contrary, according to Elliot et al, the merchant itself receives the credit card information via the merchant's POS terminal when it reads the inserted credit card. See, e.g., Elliot et al., Col 8, lines 24-32. Further, there is no teaching or suggestion in Elliot et al. of automatically identifying an intended recipient of the financial transaction information received by the service provider for the merchant or automatically sending the received financial transaction information to the intended recipient by the service provider for the merchant as recited in claims 1 and 42. Rather, according to Elliot et al., if the merchant's terminal is equipped with a pre-programmed module for the particular credit card, the terminal uses the card information read off the card to select the appropriate module, which then controls the POS terminal. See, e.g., Elliot et al., Col 8, lines 32-45.

Consequently, Elliot et al. do not disclose, nor even suggest, the required combination of limitations proposing the method and system for assumption by a service provider of one or more merchant functions in a financial transaction between a customer and a merchant, in which information about the financial transaction is received by the service provider for the merchant, an intended recipient of the information is automatically identified by the service provider for the merchant, and the information is automatically sent to the intended recipient by the service provider for the merchant as recited in claims 1 and 42.

Because each and every element as set forth in independent claims 1 and 42 is not found, either expressly or inherently, in Elliot et al., the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131.

The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 and 42 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-41 that depend on claim 1 and claims 43-48 that depend on claim 42 and which recite further specific elements that have no reasonable correspondence with the references.

For example, claims 2-6 depending on claim 1 and claim 43 depending on claim 42 propose further that the information about the financial transaction received by the service provider for the merchant includes, for example, an electronic check received over the Internet from a customer's processor that represents payment by the customer in the transaction with the merchant at an Internet website hosted by the service provider server for the merchant. For another example, claims 7-9 depending on claim 1 propose further that the service provider's server automatically reformats and endorses the electronic check for the merchant's on-line terminal and prepares a deposit for presentation of the endorsed electronic check for the merchant to the merchant's bank's server. For a further example, claims 10-19 depending on claim 1 and claim 44 depending on claim 42 propose further that the service provider's server receives a payment instruction from the customer's processor and an approval of the payment instruction and the credit for the merchant from the customer's bank's server.

For an additional example, claims 20-31 depending on claim 1 and claims 45-47 depending on claim 42 propose further that intended recipient of the information is identified by the service provider's server is either the merchant's bank's server as the intended recipient of the electronic check for the merchant or the customer's bank's server as the intended recipient of the payment instruction and/or credit for the

merchant. For a still further example, claims 32-35 depending on claim 1 propose further that the information that is sent by the service provider's server to the intended recipient is the endorsed electronic check and/or a credit for the merchant. For another example, claims 36-38 depending on claim 1 and claim 48 depending on claim 42 propose further that the information that is sent by the service provider's server to the intended recipient is the payment instruction and/or the approval of payment.

Independent claims 49 and 50 respectively propose further that the information about the financial transaction that consists at least partly of an electronic payment order for the merchant is received by the service provider's server from the customer at a customer's computing device via a network, and the service provider's server identifies the intended recipient of the information, which consists of the merchant's bank or the customer's bank, for the merchant. In addition, claims 49 and 50 propose that if the merchant's bank is the intended recipient, the service provider's server reformats the electronic payment order for the merchant's on-line terminal, sends the reformatted payment order to the merchant's on-line terminal, endorses the electronic payment order, prepares a deposit to an account of the merchant, and sends the deposit with the endorsed payment order to the merchant's bank's server, which posts a credit for the deposit to the merchant's account and makes details of the deposit available to the merchant. Claims 49 and 50 also propose that if, on the other hand, the customer's bank is the intended recipient, the service provider's server sends the electronic payment order with a request for payment to the customer's bank's server, which debits the customer's account for the amount of the payment order, sends an ACH credit to the merchant's bank's server, and sends a transaction approval to the service provider's server, which reformats the transaction approval for the merchant's on-line terminal and sends the reformatted approval to the merchant's on-line terminal.

With regard to independent claims 49 and 50, the Examiner likewise considers that Elliot et al. teach each and every element of claims 49 and 50. On the contrary,

Elliot et al. do not teach, nor even suggest, for example, that information about the financial transaction consisting at least partly of an electronic payment order for the merchant is received by the service provider's server from the customer at a customer's computing device via a network as recited in claims 49 and 50. Instead, as noted above, Elliot et al. teach a merchant's POS terminal equipped by the merchant with a module pre-programmed for use with a particular credit card and which reads the card when it is inserted into the merchant's terminal. Nor do Elliot et al. teach or suggest that the intended recipient of the information, which is either the merchant's bank or the customer's bank, is identified for the merchant by the service provider's server as recited in claims 49 and 50. Instead, according to Elliot et al., if the merchant's terminal has a module pre-programmed to accept the particular card, the terminal uses the information read from the card to select the module to control the POS terminal during the transaction.

Neither is there any teaching or suggestion in Elliot et al. that if the merchant's bank is identified by the service provider's server as the intended recipient, the service provider's server reformats the electronic payment order for the merchant's on-line terminal, sends the reformatted payment order to the merchant's on-line terminal, endorses the electronic payment order, prepares a deposit to an account of the merchant, and sends the deposit with the endorsed payment order to the merchant's bank's server, which posts a credit for the deposit to the merchant's account and makes details of the deposit available to the merchant as recited in claims 49 and 50. Further, there is nothing in Elliot et al. that teaches or suggests that if, on the other hand, the customer's bank is identified by the service provider's server as the intended recipient, the service provider's server sends the electronic payment order with a request for payment to the customer's bank's server, which debits the customer's account for the amount of the payment order, sends an ACH credit to the merchant's bank's server, and sends a transaction approval to the service provider's server, which in turn reformats the transaction approval for the merchant's on-line

terminal and sends the reformatted approval to the merchant's on-line terminal as recited in claims 49 and 50.

Rather, if the credit card read by the POS terminal of Elliot et al. is a magnetic stripe card, the terminal can initiate a conventional credit card processing communication to the card issuer's host computer, or if the credit card is a smart card, the terminal can interact in the conventional way with the smart card microchip. See, e.g., Elliot et al., Col 8, lines 2-13. In either case, transaction data is recorded on the terminal, the module, or the smart card. See, e.g., Elliot et al., Col 10, lines 36-57. Alternatively, the module can report transaction data to the card issuer's host computer if requested by the issuer's host computer. See, e.g., Elliot et al., Col 11, lines 18-21.

Consequently, Elliot et al. do not disclose or suggest the required combination of limitations proposing that information consisting at least partly of an electronic payment order for the merchant is received by the service provider's server from the customer at a customer's computing device via a network, that the service provider's server identifies the merchant's bank or the customer's bank as the intended recipient of the information, that if the merchant's bank is the intended recipient, the service provider's server reformats the electronic payment order for the merchant's on-line terminal, sends the reformatted payment order to the merchant's on-line terminal, endorses the electronic payment order, prepares a deposit to an account of the merchant, and sends the deposit with the endorsed payment order to the merchant's bank's server by the service provider's server, which posts a credit for the deposit to the merchant's account and makes details of the deposit available to the merchant, or that on the other hand, if the customer's bank is the intended recipient, the service provider's server sends the electronic payment order with a request for payment to the customer's bank's server, which debits the customer's account for the amount of the payment order, sends an ACH credit to the merchant's bank's server, and sends a transaction approval to the service provider's server, which in turn reformats the

transaction approval for the merchant's on-line terminal and sends the reformatted approval to the merchant's on-line terminal, as recited in claims 49 and 50.

Because each and every element as set forth in independent claims 49 and 50 is likewise not found, either expressly or inherently in Elliot et al., the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131.

**The Rejection of Claims 1-50 as Being
Anticipated by Rosen Is Improper**

With regard to independent claims 1 and 42, the Examiner likewise considers that Rosen teaches each and every element of claims 1 and 42. On the contrary, Rosen neither teaches nor suggests the method and system for assumption by a service provider of one or more merchant functions in a financial transaction between a customer and a merchant according to claims 1 and 42. Rather, Rosen discloses an electronic monetary system that uses money generating modules for issuing electronic money to subscribers, transaction modules for performing transactions with other transaction modules, and bank teller modules for processing and interfacing with the transaction modules. See, e.g., Rosen, Col 3, lines 40-63. The money generating module of Rosen generates electronic money for the issuing bank, which is transferred by the bank's teller module to a subscriber's transaction module. See, e.g., Rosen Col 6, line 48-52.

Rosen does not teach or even suggest that a service provider receives information for the merchant about a financial transaction according to claims 1 and 42. Instead, Rosen teaches that one party can make a payment to another party if both parties are subscribers to Rosen's system and if both sign on to their transaction modules at the same time. See, e.g., Rosen Col 49, lines 12-14. In addition, there is no teaching or suggestion whatsoever in Rosen of automatically identifying an

intended recipient of the financial transaction information received by the service provider for the merchant and automatically sending the received financial transaction information to the intended recipient by the service provider for the merchant as recited in claims 1 and 42. Instead, according to Rosen, one party to the transaction directs his transaction module to make the payment while the other party causes his transaction module to issue an entitlement to receive the payment. See, e.g., Rosen Col 49, lines 14-24. If the paying party has enough electronic money to cover the payment, the paying party's module asks the other party whether the amount is acceptable, and if so, the electronic money is transferred from one module to the other. See, e.g., Rosen Col 49, lines 29-Col 50, line 8.

Consequently, Rosen does not disclose, nor even suggest, the required combination of limitations proposing the method and system for assumption by a service provider of one or more merchant functions in a financial transaction between a customer and a merchant, in which information about the financial transaction is received by the service provider for the merchant, an intended recipient of the information is automatically identified by the service provider for the merchant, and the information is automatically sent to the intended recipient by the service provider for the merchant as recited in claims 1 and 42.

Because each and every element as set forth in independent claims 1 and 42 is not found, either expressly or inherently in Rosen., the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131.

The Examiner has failed to establish the required *prima facie* case of unpatentability for independent claims 1 and 42 and similarly has failed to establish a *prima facie* case of unpatentability for claims 2-41 that depend on claim 1 and claims 43-48 that depend on claim 42 and which, as previously noted, recite further specific elements as previously noted that have no reasonable correspondence with Rosen.

With regard to independent claims 49 and 50, the Examiner likewise considers that Rosen teaches each and every element of claims 49 and 50. On the contrary, Rosen does not teach, nor even suggest, that information about a financial transaction consisting at least partly of an electronic payment order for the merchant is received by the service provider's server from the customer at a customer's computing device via a network as recited in claims 49 and 50. Instead, as noted above, Rosen teaches an electronic monetary system in which the bank's money generating modules generate electronic money that is transferred by the bank's module to a subscriber's module that the subscriber can then use pay another subscriber, so long as both subscribers sign on to their modules at the same time.

Nor does Rosen teach or suggest that the merchant's bank or the customer's bank is identified by the service provider's server as the intended recipient of the information for the merchant as recited in claims 49 and 50. Instead, according to Rosen, if both subscribers sign on at the same time, one of the subscribers can direct his module to make a payment while the other subscriber causes his transaction module to issue an entitlement to receive the payment, and if the paying subscriber has enough electronic money to cover the payment, the paying subscriber's module asks the other subscriber whether the amount is acceptable, and if so, the electronic money is transferred.

Neither does Rosen teach or suggest that if the merchant's bank is identified by the service provider's server as the intended recipient, the service provider's server reformats the electronic payment order for the merchant's on-line terminal, sends the reformatted payment order to the merchant's on-line terminal, endorses the electronic payment order, prepares a deposit to an account of the merchant, and sends the deposit with the endorsed payment order to the merchant's bank's server, which posts a credit for the deposit to the merchant's account and makes details of the deposit available to the merchant as recited in claims 49 and 50. Further, Elliot et al. do not teach or suggest that if, on the other hand, the customer's bank is identified by the service provider's server as the intended recipient, the service provider's server sends

the electronic payment order with a request for payment to the customer's bank's server, which debits the customer's account for the amount of the payment order, sends an ACH credit to the merchant's bank's server, and sends a transaction approval to the service provider's server, which in turn reformats the transaction approval for the merchant's on-line terminal and sends the reformatted approval to the merchant's on-line terminal as recited in claims 49 and 50.

Rather, according to Rosen, the subscribing party who receives a payment of electronic money in his transaction module can deposit the electronic money at a subscribing bank via the bank's teller module. See, e.g., Rosen Col 46, line 46-Col 49, line 2. Further, according to Rosen, transaction records are periodically passed by the modules to a reconciliation system at a subscribing bank. See, e.g., Rosen Col 34, lines 10-43. In addition, according to Rosen, electronic money deposits at the subscribing bank are processed by a clearing bank and sent back to a reconciliation system of the bank which generates accounting transactions. See, e.g., Rosen, Col 34, line 45-Col 35, line 61.

Consequently, Rosen likewise does not disclose or even suggest the required combination of limitations proposing that information consisting at least partly of an electronic payment order for the merchant is received by the service provider's server from the customer at a customer's computing device via a network, that the service provider's server identifies the merchant's bank or the customer's bank as the intended recipient of the information, that if the merchant's bank is the intended recipient, the service provider's server reformats the electronic payment order for the merchant's on-line terminal, sends the reformatted payment order to the merchant's on-line terminal, endorses the electronic payment order, prepares a deposit to an account of the merchant, and sends the deposit with the endorsed payment order to the merchant's bank's server by the service provider's server, which posts a credit for the deposit to the merchant's account and makes details of the deposit available to the merchant, or that on the other hand, if the customer's bank is the intended recipient, the service provider's server sends the electronic payment order with a request for

payment to the customer's bank's server, which debits the customer's account for the amount of the payment order, sends an ACH credit to the merchant's bank's server, and sends a transaction approval to the service provider's server, which in turn reformats the transaction approval for the merchant's on-line terminal and sends the reformatted approval to the merchant's on-line terminal, as recited in claims 49 and 50.

Because each and every element as set forth in independent claims 49 and 50 is not found, either expressly or inherently in Rosen, the Examiner has failed to establish the required *prima facie* case of unpatentability. See Verdegaal Bros. v. Union Oil Co. of California, 814 F.2d 628 (Fed. Cir. 1987); See also MPEP §2131.

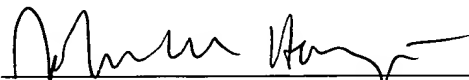
(9) Conclusion

For at least the reasons given above, the rejections of claims 1-50 are improper. Applicant respectfully requests the final rejection by the Examiner be reversed and claims 1-50 be allowed. Attached below is an Appendix of claims 1-50 for ease of reference.

This brief is being submitted in triplicate.

Respectfully submitted,

Date: 2/20/04

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APPENDIX - Claims

1. A method for assumption by a service provider of at least one merchant function in a financial transaction between a customer and a merchant, comprising:

receiving information about the financial transaction by the service provider for the merchant;

automatically identifying an intended recipient of the information by the service provider for the merchant; and

automatically sending the information to the intended recipient by the service provider for the merchant.

2. The method of claim 1, wherein receiving the information about the financial transaction further comprises receiving an electronic check for the merchant.

3. The method of claim 2, wherein receiving the electronic check further comprises receiving the electronic check by a service provider server.

4. The method of claim 3, wherein receiving the electronic check by the service provider server further comprises receiving the electronic check from a customer's processor over the Internet.

5. The method of claim 4, wherein receiving the electronic check from the customer's processor over the Internet further comprises receiving the electronic check representing a payment by the customer in an Internet website transaction with the merchant.

6. The method of claim 5, wherein receiving the electronic check representing the payment by the customer in the Internet website transaction with the merchant further comprises receiving the electronic check representing payment by the customer in the Internet website transaction with the merchant at an Internet website hosted by the service provider server for the merchant.

7. The method of claim 3, wherein receiving the electronic check by the service provider's server further comprises automatically reformatting the electronic check for a merchant's on-line terminal.

8. The method of claim 3, wherein receiving the electronic check by the service provider server further comprises automatically endorsing the electronic check for the merchant by the service provider server.

9. The method of claim 8, wherein receiving the electronic check by the service provider's server further comprises automatically preparing a deposit for presentation of the endorsed electronic check for the merchant to a merchant's bank's server.

10. The method of claim 1, wherein receiving the information about the financial transaction further comprises receiving a payment instruction for the merchant.

11. The method of claim 10, wherein receiving the payment instruction further comprises receiving the payment instruction by a service provider server.

12. The method of claim 11, wherein receiving the payment instruction by the service provider server further comprises receiving the payment instruction from a customer's processor over the Internet.

13. The method of claim 12, wherein receiving the payment instruction from the customer's processor over the Internet further comprises receiving the payment instruction representing a payment by the customer in an Internet website transaction with the merchant.

14. The method of claim 13, wherein receiving the payment instruction representing payment by the customer in the Internet website transaction with the merchant further comprises receiving the payment instruction representing payment

by the customer in the Internet transaction with the merchant at an Internet website hosted by the service provider server for the merchant.

15. The method of claim 1, wherein receiving the information about the financial transaction further comprises receiving an approval of a payment instruction for the merchant.

16. The method of claim 15, wherein receiving the approval further comprises receiving the approval by a service provider server.

17. The method of claim 16, wherein receiving the approval further comprises receiving the approval from a customer's bank's server over the Internet.

18. The method of claim 17, wherein receiving the approval from the customer's bank's server further comprises receiving a credit by the service provider server from the customer's bank's server over the Internet.

19. The method of claim 18, wherein receiving the credit by the service provider server further comprises consolidating the credit with at least one additional credit for the merchant.

20. The method of claim 1, wherein automatically identifying the intended recipient further comprises automatically identifying the intended recipient of an electronic check for the merchant.

21. The method of claim 20, wherein automatically identifying the intended recipient of the electronic check further comprises automatically identifying the intended recipient by a service provider server for the merchant.

22. The method of claim 21, wherein automatically identifying the intended recipient by the service provider's server further comprises automatically identifying a merchant's bank's server as the intended recipient by the service provider's server.

23. The method of claim 1, wherein automatically identifying the intended recipient further comprises automatically identifying the intended recipient of a payment instruction for the merchant.

24. The method of claim 23, wherein automatically identifying the intended recipient of the payment instruction further comprises automatically identifying the intended recipient by a service provider server for the merchant.

25. The method of claim 24, wherein automatically identifying the intended recipient by the service provider server further comprises automatically identifying a customer's bank's server as the intended recipient.

26. The method of claim 1, wherein automatically identifying the intended recipient further comprises automatically identifying the intended recipient of an approval of a payment instruction for the merchant.

27. The method of claim 26, wherein automatically identifying the intended recipient of the approval further comprises automatically identifying the intended recipient by a service provider server.

28. The method of claim 27, wherein automatically identifying the intended recipient by the service provider server further comprises automatically identifying a merchant's on-line terminal as the intended recipient.

29. The method of claim 1, wherein automatically identifying the intended recipient further comprises automatically identifying the intended recipient of a credit for a payment instruction for the merchant.

30. The method of claim 29, wherein automatically identifying the intended recipient of the credit further comprises automatically identifying the intended recipient by a service provider server.

31. The method of claim 30, wherein automatically identifying the intended recipient by the service provider server further comprises automatically identifying a merchant's bank's server as the intended recipient.

32. The method of claim 1, wherein automatically sending the information further comprises automatically sending an endorsed electronic check to a merchant's bank's server for the merchant.

33. The method of claim 32, wherein automatically sending the endorsed electronic check to the merchant's bank's server further comprises automatically sending the endorsed electronic check to the merchant's bank's server by a service provider's server for the merchant.

34. The method of claim 33, wherein automatically sending the endorsed electronic check further comprises automatically sending a deposit for presentation of the endorsed electronic check with the endorsed electronic check.

35. The method of claim 33, wherein automatically sending the endorsed electronic check further comprises automatically sending the endorsed electronic check over the Internet.

36. The method of claim 1, wherein automatically sending the information further comprises automatically sending a payment instruction to a customer's bank's server for the merchant.

37. The method of claim 36, wherein automatically sending the payment instruction to the customer's bank's server further comprises automatically sending the payment instruction to the customer's bank's server by a service provider server for the merchant.

38. The method of claim 1, wherein automatically sending the information further comprises automatically sending an approval of a payment instruction to a merchant's on-line terminal for the merchant.

39. The method of claim 1, wherein automatically sending the information further comprises automatically sending a credit for a payment instruction for the merchant to a merchant's bank's server.

40. The method of claim 39, wherein automatically sending the credit to the merchant's bank's server further comprises automatically sending the credit by a service provider server.

41. The method of claim 46, wherein automatically sending the credit by the service provider's server further comprises automatically sending the credit consolidated with at least one additional credit for the merchant.

42. A system for assumption by a service provider of at least one merchant function in a financial transaction between a customer and a merchant, comprising:

means for automatically receiving information about the financial transaction by the service provider for the merchant;

means associated with the receiving means for automatically identifying an intended recipient of the information by the service provider for the merchant; and

means associated with the identifying means for automatically sending the information to the intended recipient by the service provider for the merchant.

43. The system of claim 42, wherein the receiving means further comprises a service provider server coupled to a customer's processor.

44. The system of claim 42, wherein the receiving means further comprises a service provider server coupled to a customer's bank's server.

45. The system of claim 42, wherein the identifying means further comprises a service provider server.

46. The system of claim 42, wherein the sending means further comprises a service provider server coupled to a merchant's on-line terminal.

47. The system of claim 42, wherein the sending means further comprises a service provider server coupled to a merchant's bank's server.

48. The system of claim 42, wherein the sending means further comprises a service provider server coupled to a customer's bank's server.

49. A method for assumption by a service provider of at least one merchant function in a financial transaction between a customer and a merchant, comprising:

receiving information about the financial transaction consisting at least in part of an electronic payment order for the merchant by a service provider's server from the customer at a customer's computing device via a network;

identifying an intended recipient of the information by the service provider's server for the merchant consisting of one of a merchant's bank and a customer's bank;

if the merchant's bank is the intended recipient, reformatting the electronic payment order for a merchant's on-line terminal by the service provider's server, sending the reformatted payment order to the merchant's on-line terminal by the service provider's server, endorsing the electronic payment order by the service provider's server, preparing a deposit to an account of the merchant by the service provider's server, sending the deposit with the endorsed payment order to a merchant's bank's server by the service provider's server, posting a credit for the

deposit to the merchant's account by the merchant's bank's server, and making details of the deposit available to the merchant by the merchant's bank's server; and

if the customer's bank is the intended recipient, sending the electronic payment order with a request for payment to a customer's bank's server by the service provider's server, debiting an account of the customer for the amount of the payment order by the customer's bank's server, sending an ACH credit to the merchant's bank's server by the customer's bank's server, sending a transaction approval to the service provider's server by the customer's bank's server, reformatting the transaction approval for the merchant's on-line terminal by the service provider's server, and sending the reformatted approval to the merchant's on-line terminal.

50. A system for assumption by a service provider of at least one merchant function in a financial transaction between a customer and a merchant, comprising:

a service provider's server adapted for receiving information about the financial transaction consisting at least in part of an electronic payment order for a merchant from the customer at a customer's computing device via a network;

the service provider's server being adapted for identifying an intended recipient of the information for the merchant consisting of one of a merchant's bank and a customer's bank;

the service provider's server also being adapted for reformatting the electronic payment order for a merchant's on-line terminal, sending the reformatted payment order to the merchant's on-line terminal, endorsing the electronic payment order, preparing a deposit to an account of the merchant, and sending the deposit with the endorsed payment order to a merchant's bank's server, and the merchant's bank's server being adapted for posting a credit for the deposit to the merchant's account and making details of the deposit available to the merchant, if the merchant's bank is the intended recipient; and

the service provider's server also being adapted for sending the electronic payment order with a request for payment to a customer's bank's server, the customer's bank's server being adapted for debiting an account of the customer for the amount of the payment order, sending an ACH credit to the merchant's bank's server, and sending a transaction approval to the service provider's server, and the service provider's server being further adapted for formatting the transaction approval for the merchant's on-line terminal and sending the reformatted approval to the merchant's on-line terminal, if the customer's bank is the intended recipient.

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